

**STONEBRIDGE PROPERTY OWNERS
ASSOCIATION, INC.
AUDITS OF FINANCIAL STATEMENTS
For the Years Ended DECEMBER 31, 2011 AND 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **APR 25 2012**

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.

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Silva Gurtner & Abney

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INDEPENDENT AUDITORS' REPORT

Board of Directors
STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
Harvey, Louisiana

We have audited the accompanying financial statements of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note B, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** as of December 31, 2011 and 2010, and the results of its operations for the years then ended in conformity with the cash basis of accounting described in Note B.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2012, on our consideration of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**'s internal control over financial reporting and on our test of its compliance with certain laws and regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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Management's Discussion and Analysis, beginning on page 3, is not a required part of the financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Silva Gurtner & Alney, LLC

March 22, 2012

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2011 and 2010

Management's Discussion and Analysis ("MD&A") for the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** (the "Association") is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the Association's financial activities; identify changes in the Association's financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for any variations that are expected to have a significant effect on future services or liquidity; and
- identify other significant issues.

The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole.

The MD&A is required supplementary information that introduces the reader to the financial statements and provides an overview of the Association's financial activities. The Association's financial statements consist of the following components: the Association's Statement of assets, liabilities, and members' equity - cash basis, statement of revenue, expenditures and changes in members' equity and the notes to the financial statements.

OVERVIEW OF OPERATIONS

The main source of income for 2011 has been received from the property owners of the subdivision, as defined by the Louisiana Legislature and Jefferson Parish. Each property owner is assessed an annual fee, which is billed and collected by Jefferson Parish. The contract with Jefferson Parish allows for the collection of a nominal handling fee, which is deducted from the funds prior to being deposited into the checking account the Stonebridge Special District. In addition, residents are billed for membership fees as required by the covenants.

Capture of residents' e-mail addresses has made possible e-blasts, informing residents of pertinent information on a timely basis. The Stonebridge Subdivision website is also being regularly updated and provides a vehicle for the residents to contact the Association board.

The majority of expenses incurred by Stonebridge are incurred while providing security for the subdivision. There are two entrances, one in Gretna and one in Harvey, as well as one gated exit in Harvey, within the subdivision boundaries. Security is provided with entrance guards, Jefferson parish patrols, and cameras. After Katrina, the Board of Directors determined that more cameras were needed throughout the subdivision. Cameras were installed on homes and light poles. The cameras are monitored by a member of the Board of Directors. The need for additional cameras is continually evaluated. Now that funds are available (after a very tight budget in 2010) plans are in place to install additional cameras on homes. Updated camera surveillance of the entrance/exits via license plate recognition is also being implemented. With the addition of cameras has come an increased cost on maintenance of the cameras. Money is also expended on the upkeep of guard houses and perimeter brick walls, insurance and landscaping for common areas.

All parliamentary procedures have been strictly adhered to during 2011 in the crafting of policies by the Board of Directors of **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
ASSETS, LIABILITIES, AND MEMBERS' EQUITY - CASH BASIS
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Cash Equivalents	\$ 248,322	\$ 141,437
Property and Equipment, net of accumulated depreciation	<u>44,477</u>	<u>54,028</u>
Total Assets	<u>\$ 292,799</u>	<u>\$ 195,465</u>
LIABILITIES AND MEMBERS' EQUITY		
Accounts Payable	-	-
MEMBERS' EQUITY	<u>292,799</u>	<u>195,465</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 292,799</u>	<u>\$ 195,465</u>

The accompanying notes are an integral part of these financial statements

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN MEMBERS' EQUITY - CASH BASIS
Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted</u>	<u>Variance</u>
REVENUES			
Parcel Fees	\$ 316,534	\$ 316,000	\$ 534
Membership Dues	28,365	30,000	(1,635)
Advertising Revenue	555	895	(340)
Other Income	190	-	190
	<u>345,644</u>	<u>346,895</u>	<u>(1,251)</u>
Total Revenues			
EXPENDITURES			
Direct Expenditures			
Depreciation	9,551	-	(9,551)
Insurance	15,923	16,000	77
Maintenance and Repairs	14,022	11,000	(3,022)
Patrols and Guards	164,367	171,000	6,633
Security Systems	5,900	10,000	4,100
Telephone	4,180	4,400	220
Utilities	5,712	6,000	288
	<u>219,655</u>	<u>218,400</u>	<u>(1,255)</u>
Total Direct Expenditures			
Administrative Expenditures			
Accounting	6,550	7,000	450
Advertising	-	1,100	1,100
Beautification	4,643	16,500	11,857
Dues and Subscriptions	35	-	(35)
Gifts & Donations	926	600	(326)
Legal Fees	1,110	1,700	590
Miscellaneous	1,140	1,000	(140)
Office Supplies	3,230	675	(2,555)
Newsletter	8,692	7,000	(1,692)
Socials	2,216	2,400	184
Taxes	113	7	(106)
	<u>28,655</u>	<u>37,982</u>	<u>9,327</u>
Total Administrative Expenditures			
Total Expenditures	<u>248,310</u>	<u>256,382</u>	<u>8,072</u>
EXCESS OF REVENUES OVER EXPENDITURES	97,334	<u>\$ 90,513</u>	<u>\$ 6,821</u>
BEGINNING MEMBERS' EQUITY	<u>195,465</u>		
ENDING MEMBERS' EQUITY	<u>\$ 292,799</u>		

The accompanying notes are an integral part of these financial statements

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN MEMBERS' EQUITY - CASH BASIS
Year Ended December 31, 2010

	<u>Actual</u>	<u>Budgeted</u>	<u>Variance</u>
REVENUES			
Parcel Fees	\$ 287,444	\$ 300,705	\$ (13,261)
Membership Dues	32,181	30,000	2,181
Interest Income	-	-	-
Advertising Revenue	640	6,480	(5,840)
Other Income	8,056	-	8,056
	<u>328,321</u>	<u>337,185</u>	<u>(8,864)</u>
Total Revenues			
EXPENDITURES			
Direct Expenditures			
Depreciation	33,209	-	(33,209)
Insurance	15,486	16,000	514
Maintenance and Repairs	13,050	13,100	50
Patrols and Guards	238,063	215,000	(23,063)
Telephone	3,499	4,000	501
Utilities	5,726	6,495	769
	<u>309,033</u>	<u>254,595</u>	<u>(54,438)</u>
Total Direct Expenditures			
Administrative Expenditures			
Accounting	6,350	7,000	650
Advertising	-	-	-
Beautification	3,097	22,000	18,903
Dues and Subscriptions	-	-	-
Legal Fees	167	9,000	8,833
Miscellaneous	2,727	1,500	(1,227)
Office Supplies	4,421	-	(4,421)
Newsletter	-	9,000	9,000
Socials	1,653	2,000	347
Taxes	354	-	(354)
	<u>18,769</u>	<u>50,500</u>	<u>31,731</u>
Total Administrative Expenditures			
Total Expenditures	<u>327,802</u>	<u>305,095</u>	<u>(22,707)</u>
EXCESS OF REVENUES OVER			
EXPENDITURES	519	<u>\$ 32,090</u>	<u>\$ (31,571)</u>
BEGINNING MEMBERS' EQUITY	<u>194,946</u>		
ENDING MEMBERS' EQUITY	<u>\$ 195,465</u>		

The accompanying notes are an integral part of these financial statements

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010

NOTE A – NATURE OF ORGANIZATION

The **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** (the Association) was given authority to, as a public body by Acts of the Louisiana Legislature, 1998, La. R.S. 33:9064 and by a contract expiring August 8, 2016 with the Jefferson Parish Council, to aid in crime prevention and to add to the security of subdivision residents by providing for an increase in the presence of law enforcement personnel in the subdivision.

The Board of Directors is constituted by nine (9) appointed members. Board members are not compensated.

The Association services all parcels located in the geographic area it serves. The Association has no paid employees and contracts with the Vinson Guard Services, Inc. for guard services at the entrances and Jefferson Parish deputies for patrols.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** have been prepared on the cash basis of accounting. Under that basis, revenues and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. That basis differs from accounting principles generally accepted in the United States of America primarily because the Association has not recognized prepayment of expenses or accounts payable to vendors and their related effect on members' equity in the accompanying financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Parcel fees are recorded as received from Jefferson Parish.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives (ranging from 5 to 15 years) of the respective assets. Expenditures for maintenance and repairs are charged to expense as paid.

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010

NOTE C - CASH AND CASH EQUIVALENTS

The Association's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE D - PROPERTY AND EQUIPMENT

The Association constructed two guardhouses and exit gates for the security enhancement of the subdivision. All equipment, land, and buildings acquired with property assessments are titled in the name of the Association. Accumulated depreciation at December 31, 2011 and 2010 was \$124,664 and \$115,113, respectively.

NOTE E - LITIGATION AND CLAIMS

At December 31, 2011, the Association was involved in no litigation nor is the Association aware of any claims.

NOTE F - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 22, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
Harvey, Louisiana

We have audited the financial statements of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.** as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the **STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.**'s management, Jefferson Parish and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified users.

Silva Gurtner & Abney, LLC

March 22, 2012

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF CURRENT YEAR FINDINGS
For the year ended December 31, 2011

NONE

STONEBRIDGE PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the year ended December 31, 2010

Finding #2010-1:

Condition: Total patrols and guard expenditures for the year ending December 31, 2010 failed to meet expectations by approximately 11% of budgeted amounts.

Criteria: Louisiana Revised Statute 33:1301 requires that the District revise its budget when revenues fail to meet expectations or expenditures will exceed expectations by more than five percent.

Cause of Condition: The Association's financial information is reviewed in detail at each meeting of the Association's Board, which, based on new information, determines whether and how to adjust its expenditures during the course of each year. During 2010, the Board monitored the Association's financial condition and results and took appropriate action, but did not adopt any formal resolutions revising its 2010 budget.

Effect of the Condition: The Association was in technical non-compliance with RS 33:1301 for 2010.

Recommendation: The Board of the Association should amend its budget when it is determined that revenues and/or expenditures will have an unfavorable variance of more than 5%.

Client Response: The Association will likely face future unanticipated revenue and/or expenditure deviations or variances in excess of 5%, all of which the Board intends to timely address via the formal adoption of one or more amended budgets in order to comply with Louisiana Revised Statute 33:1301.